

Interim Report. January to September 2007.

LeadIng.


THE LINDE GROUP

Q3

Linde Financial Highlights

in € million	January to September 2007	2006	Change
Share			
Closing price	€ 87.09	74.29	17.2 %
Year high	€ 93.20	74.78	24.6 %
Year low	€ 71.68	55.30	29.6 %
Market capitalisation	14,244	11,693	21.8 %
Earnings per share¹	€ 3.55	3.50	1.4 %
Earnings per share	€ 4.48	3.38	32.4 %
Number of shares outstanding (in 000s)	163,556	157,399	3.9 %
Sales³	8,958	4,976	80.0 %
Sales – comparable²	8,958	7,811	14.7 %
Operating profit³	1,770	973	81.9 %
Operating profit – comparable²	1,770	1,517	16.7 %
EBIT before amortisation of fair value adjustments and non-recurring items	1,147	613	87.1 %
Earnings after taxes on income	764	451	69.4 %
Number of employees³	49,357	51,038	-3.3 %
Gases Division – comparable²			
Sales	6,850	6,279	9.1 %
Operating profit	1,707	1,524	12.0 %
Engineering Division – comparable²			
Sales	1,835	1,211	51.5 %
Operating profit	160	106	50.9 %

¹ Adjusted for the effects of the purchase price allocation on the acquisition of BOC and for non-recurring items.

² Prior year figures including BOC.

³ Continuing operations as of 30 September/employees as of 31 December 2006.

Interim Report January to September 2007

The Linde Group continues dynamic growth. Double-digit increase in sales and earnings predicted for 2007.

- Sales increase 14.7 percent to € 8.958 billion
- Operating profit¹ up 16.7 percent to € 1.770 billion
- July to September 2007: sales increase 18.6 percent, operating profit up 20.7 percent
- 2007 outlook refined: sales of more than € 12 billion and operating profit of € 2.3 – € 2.4 billion expected

¹ Operating profit: EBITDA before non-recurring items, including share of net income from associates and joint ventures.

Group Interim Management Report

General economic environment

The global economy kept its growth momentum in the third quarter 2007. Not only did the economies in the emerging regions of Asia, South America and Eastern Europe perform well, as was expected, but the economy in Western Europe also continued to grow. Moreover, due to significant expansion in the newly industrialised nations over the past few years, global growth is now built on broad foundations.

All the major economic research institutes are expecting robust growth in the global economy in 2007 and 2008, despite potential risks arising from the turmoil in the credit markets.

The business activity in the end markets of our two divisions, Gases and Engineering, also remained well supported. Next to the solid growth pattern in Europe, the positive trends in our core businesses are building on an ever-rising demand from the growth regions and the fact that our customers are increasingly moving towards environmentally friendly technologies.

Group

To ensure comparability of the Group's business performance, the prior year figures for sales and operating profit (EBITDA) have been adjusted to take account of the new Group structure. The prior year figures include the remaining core activities of BOC. The prior year figures do not include KION, the forklift truck business sold in 2006, the BOC Edwards components business or any of the companies or other assets sold following the BOC deal.

On this basis, Group sales increased by 18.6 percent to € 3.070 billion in the third quarter compared to the previous year (2006: € 2.588 billion). The operating profit went up 20.7 percent to € 612 million in the months July to September (2006: € 507 million).

In the nine months to 30 September 2007 Linde increased Group sales by 14.7 percent to € 8.958 billion (2006: € 7.811 billion). Operating profit rose 16.7 percent to € 1.770 billion (2006: € 1.517 billion).

Earnings before taxes on income almost doubled in the first nine months of the year to € 1.109 billion. Again, the figure was affected by two non-recurring items. On the one hand, it was reduced by additional amortisation of € 335 million on fair value adjustments resulting from the purchase price allocation of the BOC acquisition. On the other hand, the profit on the sale of parts of the business of € 574 million had a positive impact on the earnings trend.

Earnings after tax increased to € 764 million (2006, as reported: € 451 million). As a result, the earnings per share figure was € 4.48 (2006, as reported: € 3.38). On an adjusted basis, i.e. after adjusting for the effect of the purchase price allocation and the book profit on the sale of parts of the business, the figure for earnings per share was € 3.55, compared with € 3.50 in the prior year.

Gases Division

The Gases Division achieved a 9.1 percent increase in sales in the first nine months of the year to € 6.850 billion (2006: € 6.279 billion), in a seamless continuation of the positive trend in the first six months of the year. On a comparable basis, i.e. excluding exchange rate movements, changes in the price of natural gas and changes to the companies included in the consolidation, the increase in sales was 7.5 percent.

Operating profit rose by 12.0 percent to € 1.707 billion (2006: € 1.524 billion), once again a faster rate of increase than the increase in sales. The operating margin rose 60 basis points to 24.9 percent, supported by the first effects of the synergies arising from the BOC acquisition. The effect of embedded finance leases (IFRIC 4) was –€ 96 million in the first nine months of the year.

In a global market environment which continued to be robust, all the regions and segments were successful in contributing to our positive business performance.

In Europe, sales increased by 7.8 percent to € 3.483 billion (2006: € 3.232 billion). Again, it was the Eastern European market which was the most dynamic, but the good economic situation in Western and Central Europe and in Scandinavia ensured that there was high demand for industrial gases.

During the reporting period, we have been able to position ourselves extremely well for future growth in the whole European market, with a number of strategic decisions, investments and new projects. An example of this is our acquisition in the third quarter of the Turkish industrial gases company Birlesic Oksiyen Sanayi A.S. (BOS), which means that we have risen to become a leading full-range supplier in this attractive growth region.

In September, we brought on-stream another air separation plant and a hydrogen liquefaction plant at Leuna, our largest site in Germany. This enabled us to increase our production capacity significantly, and will mean that we can be efficient in responding to the high level of demand in Central Europe.

Under a further long-term supply agreement with the Austrian steel producer voestalpine, we will build a new air separation plant at the Linz site to supply our long-standing customer with additional capacity for oxygen and nitrogen. We also intend to produce liquefied oxygen, nitrogen and argon for the open market.

In North America, the Gases Division, which felt the impact of unfavourable exchange rate movements, increased sales by 2.6 percent to € 1.493 billion (2006: € 1.455 billion). After adjusting for exchange rate movements, changes in the price of natural gas and changes in the companies included in the consolidation, the increase in sales was 6.9 percent in this region.

In South America, sales rose 15.0 percent to € 375 million, compared with the prior year figure of € 326 million. On a comparable basis, this represents sales growth of 17.0 percent.

In Africa, the Gases Division increased its sales by 2.6 percent to € 391 million (2006: € 381 million). Unfavourable foreign exchange movements had a significant adverse impact here. After adjustment, the increase in sales was 16.6 percent.

The Asia/Pacific region once again saw the greatest sales growth in the first nine months of the year, a 24.8 percent increase to € 1.202 billion (2006: € 963 million). Due to the first time consolidation of subsidiaries the adjusted figure for the increase in sales was 8.4 percent. In addition to continuing dynamic growth in China, high growth rates were also achieved by Thailand and South Korea as a result of production start-ups. In Malaysia, once Linde had acquired 100 percent of the shares in Malaysian Oxygen Berhad (MOX), the company was removed from the stock exchange and integrated into the regional Gases organisation.

We also achieved significant increases in sales in the individual product segments of our gases business. On a comparable basis, i. e. excluding exchange rate movements, changes in the price of natural gas and changes to the companies included in the consolidation, the on-site segment grew by 9.5 percent to € 1.567 billion (2006: € 1.431 billion). Sales in the bulk business segment increased by 6.1 percent to € 2.103 billion (2006: € 1.982 billion) and in the cylinder gas business we achieved sales growth of 7.7 percent to € 2.714 billion (2006: € 2.519 billion). In Health-care, sales rose 8.9 percent to € 734 million (2006: € 674 million).

Gases Division

in € million	3rd Quarter			January to September			Adjusted ²
	2007	2006 ¹	Change	2007	2006 ¹	Change	
Sales consolidated	2,297	2,067	11.1 %	6,850	6,279	9.1 %	7.5 %
Europe	1,173	1,095	7.1 %	3,483	3,232	7.8 %	
America/Africa	681	646	5.4 %	2,203	2,116	4.1 %	
Asia/Pacific	462	338	36.7 %	1,202	963	24.8 %	
Operating profit	582	507	14.8 %	1,707	1,524	12.0 %	
Margin	25.3 %	24.5 %	-	24.9 %	24.3 %	-	

¹ Prior year figures include BOC.

² Adjusted for currency exchange rate effects, natural gas prices and changes in the consolidation scope.

Engineering Division

The Engineering Division continued on its growth course, achieving a 51.5 percent increase in sales to the end of September to € 1.835 billion (2006: € 1.211 billion). Operating profit rose 50.9 percent to € 160 million, compared with the prior year figure of € 106 million. Order intake of € 2.248 billion almost reached the same high level as in the prior year (€ 2.563 billion). Order backlog at 30 September 2007 stood at € 4.639 billion (31 December 2006: € 4.529 billion).

The high level of order intake is proof of the continuing demand in the four major product segments: olefin plants, natural gas plants, air separation plants and synthesis gas plants.

Once again, most of the order intake (36 percent) came from the Middle East. In the first nine months of the year, 27 percent of order intake was from Europe, 16 percent from Asia and 19 percent from America.

Order intake related to the product segments as follows: 35 percent to the olefin plant segment, 23 percent to air separation plants, 19 percent to natural gas plants and 17 percent to hydrogen and synthesis gas plants.

In the third quarter, we achieved some major successes in the area of natural gas liquefaction (LNG). The completion and bringing on-stream of the largest natural gas liquefaction plant in Europe for our customer Statoil in Hammerfest, Norway, means that an important reference project has been brought to a successful conclusion.

Moreover, we have continued to reinforce our leading position in medium-sized liquefied natural gas plants by winning an order for the turnkey construction of a plant for the Norwegian company Lyse Gass. The order is worth € 100 million. Under the terms of the contract with Lyse Gass, we have agreed that our Swedish gases company will take delivery of one-sixth of the liquefied natural gas produced and distribute it itself. This shows again the synergy potentials between the Gases and Engineering divisions. This means that we are becoming involved in the liquefied natural gas trade, which is an interesting new strategic opportunity.

We can also see exceptional opportunities for growth in natural gas liquefaction in the medium term in the off-shore area, i. e. for floating natural gas plants. So that we will be able to exploit this potential in future, we formed a global technology alliance in September with the Dutch company SBM Offshore N.V. for the development and marketing of such plants.

Engineering Division

in € million	3rd Quarter			January to September		
	2007	2006 ¹	Change	2007	2006 ¹	Change
Sales consolidated	701	419	67.3 %	1,835	1,211	51.5 %
Order intake	749	1,334	-43.9 %	2,248	2,563	-12.3 %
Order backlog	-61	931	-106.6 %	4,639	4,711	-1.5 %
Operating profit	62	38	63.2 %	160	106	50.9 %
Margin	8.8 %	9.1 %	-	8.7 %	8.8 %	-

¹ Prior Year figures including BOC.

Outlook

Group

On the basis of the positive business performance of the Group to date, we are giving a more precise forecast for the whole year 2007. At Group level, we expect to achieve sales of more than € 12 billion and operating profit of € 2.3 – € 2.4 billion. These figures correspond to a double-digit growth rate in sales and earnings.

In addition, we anticipate that the net financial debt at the year-end will be below € 7.2 billion. Therefore, we are at the lower end of our initial estimate of € 7.2 – 7.5 billion.

In the medium term, it remains our objective to achieve an operating profit of more than € 3 billion in the 2010 financial year. The expected cost synergies of € 250 million per annum, which are planned to take full effect by 2009, will contribute towards this target.

Gases Division

We confirm our medium-term forecast for the Gases Division. We continue to expect average annual growth of 7 percent in the whole market. Thanks to our leading market position in the major growth segments, our objectives remain the same. We want sales to grow at a faster rate than the market and earnings to increase at a faster rate than sales revenue.

Engineering Division

As a result of the sustained high level of order backlog and assuming that these orders continue to be fulfilled on schedule, we still expect significant increases in sales and operating profit in the year 2007. We confirm that sales this year will reach a figure of at least € 2.4 billion.

Employees

The number of employees in The Linde Group worldwide at 30 September 2007 was 49,576 (31 December 2006: 55,445).

Of this number, 38,839 staff were employed in the Gases Division. There were 5,471 employees in the Engineering Division, and 5,047 staff under the Other/Corporate heading, most of whom are employed by Gist.

Employees

	30.09.2007	31.12.2006
Employees by divisions		
Gases Division	38,839	39,142
Engineering Division	5,471	5,166
Other/Corporate	5,047	6,730
Continuing operations	49,357	51,038
Discontinued operations	219	4,407
Group	49,576	55,445
Employees by regions		
Germany	7,261	7,176
Other Europe	19,139	20,506
North America	5,955	8,518
South America	2,308	2,674
Asia/Pacific	10,679	8,496
Africa	4,015	3,668
Total (continuing operations)	49,357	51,038

Finance

The cash flow from operating activities was € 1,170 million in the reporting period, compared with € 991 million in the same period of the previous year. This represents an increase of 18.1 percent. However, this does not take account of the change in Group structure. The figures for 2006 include the KION Group, which has subsequently been sold, but include The BOC Group for only one month. During the reporting period, the cash flow from operating activities was adversely affected by payments in respect of the incidental costs relating to the sales transactions. There was an exceptional cash outflow as a result of tax prepayments effected in the second quarter 2007 which related to a capital gain of around € 230 million.

The cash flow from investing activities in the first nine months of the year was € 2,304 million. This was mainly due to the successful completion of sales transactions following the BOC acquisition. During the reporting period, the sales processes for virtually all the companies and parts of companies available for sale were brought to a successful conclusion. As a result, there was a net cash inflow for all sales transactions of € 3,563 million.

Investments during the reporting period were € 1,349 million, compared with € 12,303 million in the prior year. Of the investments made in the current year, € 578 million relate to payments for financial assets and consolidated companies. The principal transactions of this type were the complete acquisition of Malaysian Oxygen Berhad, Hong Kong Oxygen & Acetylene Co. Limited and Birlesic Oksijen Sanayi A. S. (BOS), Turkey. The investment of the prior year included the acquisition of the BOC Group of approximately € 12 billion.

The higher cash inflow from operating activities and the cash inflow from sales had the effect of increasing net cash inflow (free cash flow) during the reporting period to € 3,474 million.

The balance sheet as of 31 December 2006 was adjusted due to the finalisation of the purchase price allocation for the acquisition of BOC. Total assets have decreased since the balance sheet date, 31 December 2006, by 8.0 percent (€ 2,220 million). The main reason for this is the disposal of companies and groups of assets. On the equity and liabilities side of the balance sheet, the principal reason for the decline in total equity and liabilities was the successful repayment of debt. Net financial debt (financial debt less cash and cash equivalents and securities) was € 6,951 million, as against € 9,933 million at 31 December 2006. At the end of 2007, this figure will increase again as a result of acquisitions and investments. Equity has risen € 886 million to € 9.111 billion. The increase was due mainly to the earning after taxes on income of € 764 million. This had a positive impact on the equity ratio, which was 35.5 percent, compared with 29.5 percent at the balance sheet date, 31 December 2006. This resulted in an improvement in gearing (the ratio of net financial debt to equity) to 76 percent, compared with 121 percent at 31 December 2006.

Risk report

Linde is exposed to a number of risks in conducting operations as a result of its international orientation and its wide product range. To minimise the potential negative impact of such risks, we are continually developing and improving our integrated risk management system. Risks specific to a region or a business activity are identified locally using an early warning system. Those responsible for risk assessment are guided by standards which are defined centrally, all the risks identified are analysed by applying independent processes, and appropriate counter-measures and security precautions are adopted.

Based on these well-practised processes, we are not aware of any new findings prior to the publication of this report which would lead us to a different assessment of the risks than the one set out in the 2006 Annual Report. No new risk factors have emerged which might have a significant or lasting impact on the financial position or the business performance of The Linde Group.

Group income statement

in € million	3rd Quarter		January to September	
	2007	2006 ¹	2007	2006 ¹
Sales	3,070	1,918	8,958	4,976
Cost of sales	2,080	1,262	6,033	3,225
Gross profit on sales	990	656	2,925	1,751
Marketing and selling expenses	445	265	1,336	714
Research and development costs	21	24	70	62
Administration expenses	304	176	868	442
Other operating income	43	52	152	109
Other operating expense	5	11	50	33
Income from associates and joint ventures	28	8	59	4
Non-recurring items	-	-	574	-
Financial income	131	40	364	84
Financial expenses	204	42	641	143
Earnings before taxes on income	213	238	1,109	554
Taxes on income	64	103	359	224
Earnings after taxes for continuing operations	149	135	750	330
Earnings after taxes for discontinued operations	1	43	14	121
Earnings after taxes on income	150	178	764	451
Attributable to minority interests	16	4	41	7
Attributable to Linde AG shareholders	134	174	723	444
Continuing operations				
Earnings per share in €	0.81	0.85	4.39	2.45
Earnings per share in € – fully diluted –	0.79	0.80	4.26	2.33
Discontinued operations				
Earnings per share in €	0.01	0.28	0.09	0.93
Earnings per share in € – fully diluted –	0.00	0.26	0.08	0.86

1 Adjusted.

Group balance sheet

in € million	30.09.2007	31.12.2006 ¹
Assets		
Goodwill	7,570	7,571
Other intangible assets	3,827	3,654
Tangible assets	7,319	7,264
Investments in associates and joint ventures	672	1,242
Other financial assets	390	367
Leased assets	69	83
Receivables from financial services	759	842
Trade receivables	1	-
Other receivables and other assets	336	285
Deferred tax assets	171	214
Non-current assets	21,114	21,522
Inventories	1,141	980
Receivables from financial services	96	88
Trade receivables	1,600	1,574
Other receivables and other assets	744	753
Securities	37	42
Cash and cash equivalents	809	621
Prepaid expenses and deferred charges	45	22
Non-current assets held for sale and disposal groups	111	2,315
Current assets	4,583	6,395
Total assets	25,697	27,917

¹ Adjusted for final results of purchase price allocation BOC.

Group balance sheet

in € million	30.09.2007	31.12.2006 ¹
Equity and liabilities		
Capital subscribed	419	411
Capital reserve	4,798	4,648
Retained earnings	3,704	3,226
Cumulative changes in equity not recognised through the income statement	-245	-285
Total equity excluding minority interests	8,676	8,000
Minority interests	435	225
Total equity	9,111	8,225
Provisions for pensions and similar obligations	894	1,284
Other non-current provisions	285	410
Deferred tax liabilities	2,397	2,227
Financial debt	6,674	9,504
Liabilities from financial services	28	37
Trade payables	27	3
Other non-current liabilities	119	118
Deferred income		
Non-current liabilities	10,424	13,583
Other current provisions	1,820	1,743
Financial debt	1,123	1,092
Liabilities from financial services	10	12
Trade payables	2,088	1,949
Other current liabilities	1,020	819
Deferred income	54	59
Liabilities related to non-current assets held for sale	47	435
Current liabilities	6,162	6,109
Total equity and liabilities	25,697	27,917

¹ Adjusted for final results of purchase price allocation BOC.

Group cash flow statement

in € million	January to September 2007	2006
Earnings after taxes on income	764	451
Adjustments to earnings after taxes on income to calculate cash flow from operating activities		
Amortisation of intangible assets/depreciation of tangible assets	952	465
Depreciation of leased assets	6	146
Write-down of financial assets	2	-
Profit/loss on disposal of non-current assets	-6	-11
Non-recurring items	-574	-
Net interest	331	57
Other non-cash items	5	10
Changes in assets and liabilities, adjusted for the effects of changes in Group structure		
Change in inventories	-206	-278
Change in trade receivables	-5	58
Change in provisions	47	-182
Change in trade payables	200	455
Change in other assets and liabilities	-346	-180
Cash flow from operating activities	1,170	991
thereof discontinued operations	-30	250
Payments for tangible and intangible assets and plants held under leases in accordance with IFRIC 4	-771	-599
Payments for investments in financial assets and consolidated companies	-578	-11,704
Proceeds on disposal of tangible and intangible assets and the amortisation of receivables from financial services in accordance with IFRIC 4	147	202
Proceeds on disposal of consolidated companies	689	10
Proceeds on disposal of non-current assets held for sale and disposal groups	2,374	-
Proceeds on disposal of financial assets	442	122
Proceeds on sale of securities	1	-
Cash flow from investing activities	2,304	-11,969
thereof discontinued operations	-13	-150

Group cash flow statement

in € million	January to September 2007	2006
Dividend payments to Linde AG shareholders and other shareholders	-273	-170
Increase in share capital and other changes in equity	26	1,848
Interest received	112	29
Interest paid	-443	-119
Cash inflows from funds	3,373	10,415
Cash outflows for the repayment of loans	-6,054	-374
Change in liabilities from financial services	-11	12
Cash flow from financing activities	-3,270	11,641
Net cash inflow/outflow	204	663
Opening balance of cash and cash equivalents	621	906
Effects of currency translation and changes in Group structure	-16	-13
Transfer to escrow account	-	-107
Closing balance of cash and cash equivalents	809	1,449

Statement of recognised income and expense

in € million	1 January to 30 September 2007	1 January to 30 September 2006
Gain/loss in remeasurement of securities	-2	-
Gain/loss on remeasurement at fair value of derivative financial instruments	77	2
Currency translation effects	-253	-72
Actuarial gain/loss from pensions and change in effect of the limitation on a defined benefit asset (asset ceiling under IAS 19.58)	212	89
Other gains and losses recognised in equity	-	-
Gains and losses recognised directly in equity	34	19
Earnings after taxes on income	764	451
Total gains and losses recognised	798	470
Of which due to		
Linde AG shareholders	763	464
Other shareholders	35	6
Effects of changes in accounting policies		
Linde AG shareholders	-	-
Other shareholders	-	-

To improve the comparability of the figures in the segment reports, the prior year figures have been adjusted. The prior year figures include the sales and earnings of the BOC companies, adjusted for the companies and other assets sold following the BOC deal.

Segment information

	3rd Quarter 2007	2006 ¹	Change	2006 ²
in € million				
Gases Division				
Sales to third parties	2,297	2,066	11.2 %	1,572
Sales to other segments	-	1	-	1
Segment sales	2,297	2,067	11.1 %	1,573
Operating profit³	582	507	14.8 %	397
Depreciation (excl. purchase price allocation)	183	-	-	134
EBIT (before depreciation due to purchase price allocation)	399	-	-	263
Depreciation due to purchase price allocation	128	-	-	-
EBIT	271	-	-	263
Engineering Division				
Sales to third parties	642	382	68.1 %	351
Sales to other segments	59	37	59.5 %	37
Segment sales	701	419	67.3 %	388
Operating profit³	62	38	63.2 %	32
Depreciation (excl. purchase price allocation)	6	-	-	4
EBIT (before depreciation due to purchase price allocation)	56	-	-	28
Depreciation due to purchase price allocation	2	-	-	-
EBIT	54	-	-	28
Corporate Division/Consolidation				
Sales to third parties	131	140	-6.4 %	-43
Sales to other segments	-59	-38	-55.3 %	-
Segment sales	72	102	-29.4 %	-43
Operating profit³	-32	-38	15.8 %	-48
Depreciation (excl. purchase price allocation)	3	-	-	3
EBIT (before depreciation due to purchase price allocation)	-35	-	-	-51
Depreciation due to purchase price allocation	4	-	-	-
Non-recurring items	-	-	-	-
EBIT	-39	-	-	-51
Group				
Segment sales	3,070	2,588	18.6 %	1,918
Operating profit³	612	507	20.7 %	381
Depreciation (excl. purchase price allocation)	192	-	-	141
EBIT (before depreciation due to purchase price allocation)	420	-	-	240
Depreciation due to purchase price allocation	134	-	-	-
Non-recurring items	-	-	-	-
EBIT	286	-	-	240

¹ Prior Year figures including BOC.

² Continuing operations of The Linde Group, i.e. excl. KION and BOC Edwards Equipment. Other BOC entities proportionally considered by September.

³ Operating profit is defined as EBITDA before non-recurring items including the share of net income from associates and joint ventures.

	January to September 2007	2006 ¹	Change	2006 ²
	6,846	6,277	9.1 %	3,959
	4	2	-	2
	6,850	6,279	9.1 %	3,961
	1,707	1,524	12.0 %	989
	585	-	-	337
	1,122	-	-	652
	317	-	-	-
	805	-	-	652
	1,684	1,128	49.3 %	1,026
	151	83	-	83
	1,835	1,211	51.5 %	1,109
	160	106	50.9 %	87
	17	-	-	12
	143	-	-	75
	6	-	-	-
	137	-	-	75
	428	406	5.4 %	-
	-155	-85	-	-94
	273	321	-15.0 %	-94
	-97	-113	14.2 %	-103
	21	-	-	11
	-118	-	-	-114
	12	-	-	-
	574	-	-	-
	444	-	-	-114
	8,958	7,811	14.7 %	4,976
	1,770	1,517	16.7 %	973
	623	-	-	360
	1,147	-	-	613
	335	-	-	-
	574	-	-	-
	1,386	-	-	613

Additional comments

[1] General accounting policies

The condensed Group interim financial statements of Linde AG for the nine months ended 30 September 2007 have been drawn up in accordance with the International Financial Reporting Standards (IFRS) applicable to interim financial reporting, as adopted by the European Union.

A review of the financial statements included in the condensed Group interim financial statements has been performed by KPMG Deutsche Treuhand-Gesellschaft or by other appointed auditors.

We have used the same accounting policies in the condensed Group interim financial statements as those used to prepare the Group financial statements for the year ended 31 December 2006, with the exception of the following changes, and have also applied IAS 34 "Interim Financial Reporting".

As already reported, at 31 December 2006, the classification of financing costs in relation to pension provisions was adjusted in line with IAS 19. As a result of the acquisition of BOC and the disposal of the KION Group, a major part of the pension obligations will be financed by externally managed assets from the 2006 financial year, which is intended to reduce the financing costs of these obligations. Until then, the interest cost in the pension provisions and the expected return on plan assets were recognised in functional costs. For the year ended 31 December 2006, the financing costs were included in the financial result for the first time, as they arise from the way in which pension obligations are financed. The new method of disclosure ensures that the information about the impact of the pension obligations and their movements on the results of operations is more useful for decision-making. Because of this change in accounting policy, the disclosure in the prior year period for the nine months to 30 September 2006 has been adjusted ("adjusted").

The application of the following Standards is mandatory from 1 January 2007: "Financial Instruments: Disclosures", Amendment to IAS 1 "Presentation of Financial Statements: Capital Disclosures" and Revised Guidance on Implementing IFRS 4 "Insurance Contracts". These Standards have no impact on the presentation of the net assets, financial position and results of operations of The Linde Group, but will result in changes in the information which is required to be disclosed in the Group financial statements for the year ended 31 December 2007 or to more information being given.

In addition to the Standards mentioned above, the following new or revised Standards and Interpretations have been issued by the IASB and IFRIC. These have not been applied in the condensed Group interim financial statements for the nine months to 30 September 2007, as they are either not yet mandatory or have not yet been adopted by the European Commission.

- Revised IAS 1 "Presentation of Financial Statements"
- IFRS 8 "Operating Segments"
- IFRIC 11 "IFRS 2 – Group and Treasury Share Transactions"
- IFRIC 12 "Service Concession Arrangements"
- IFRIC 13 "Customer Loyalty Programmes"
- IFRIC 14 "The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction"

[2] Changes in Group structure

The condensed Group interim financial statements comprise Linde AG and all significant companies in which Linde AG has a direct or indirect majority holding, or the majority of the voting rights, and in which it has the power to govern the financial and operating policies, based on the concept of control.

The Linde Group comprises the following companies:

Changes in the base of consolidation

	As at 31.12.2006	Additions	Disposals	As at 30.09.2007
Consolidated subsidiaries	589	52	46	595
of which within Germany	34	1	-	35
of which outside Germany	555	51	46	560
Subsidiaries reported at acquisition cost	31	9	9	31
of which within Germany	3	4	2	5
of which outside Germany	28	5	7	26
Companies accounted for using the equity method	196	1	139	58
of which within Germany	-	-	-	-
of which outside Germany	196	1	139	58

The main disposals during the reporting period were the investments in Linde Gas Australia, the BOC Edwards components business and Linde Gas UK Limited, as well as the joint ventures Japan Air Gases and Indura, all of which were included under the heading "Non-current assets held for sale and disposal groups" at 31 December 2006. A total profit on disposal of € 574 million arose on the deconsolidation of these investments.

The BOC company, BOC Lienhwa Industrial Gases, Taiwan, which was previously accounted for as a joint venture, has been consolidated as a subsidiary for the first time in the reporting period. On 1 April 2007, Linde obtained control of this company, based on a separate agreement. No additional purchase price was paid. As a result of the change from accounting for the company as a joint venture to accounting for it as a subsidiary, a provisional goodwill of € 35 million arose in accordance with IFRS 3. The assets, liabilities and contingent liabilities of the company were measured at their fair value when the purchase price allocation required by IFRS 3 took place.

The following table shows the provisional result of the purchase price allocation.

Provisional difference arising from changes in the base of consolidation

in € million	BOC Lienhwa
Book value of investment according to IAS 28	167
Purchase cost for additional shares	-
Purchase cost according to IFRS 3	167
Proportionate share of net assets at book value	78
Provisional difference between the cost and net assets acquired before purchase price allocation	89
Intangible assets	72
Tangible assets	-
Investments in associates and joint ventures	-
Other adjustments to the opening balance sheet	-
Deferred taxes	- 18
Preliminary goodwill as of 30 September 2007	35

[3] Foreign currency translation

The financial statements of companies outside the European Currency Union are translated in accordance with the functional currency concept. For all our companies, we translate items in the balance sheet using the closing rate and items in the income statement using the average rate.

The main exchange rates used are as follows:

Currencies

Exchange rate € 1 =	ISO code	Mid-rate on balance sheet date		Annual average rate January to September	
		30.09.2007	31.12.2006	2007	2006
		Argentina	ARS	4.495900	4.036900
Australia	AUD	1.607300	1.673000	1.637449	1.665888
Brazil	BRL	2.617200	2.819600	2.691684	2.718683
Canada	CAD	1.418300	1.538400	1.485238	1.410367
China	CNY	10.714800	10.304000	10.304348	9.977500
Czech Republic	CZK	27.540000	27.497000	28.074430	28.434633
Great Britain	GBP	0.697700	0.674000	0.676664	0.684760
Hungary	HUF	250.570000	251.440000	250.854867	265.716185
Malaysia	MYR	4.865300	4.658700	4.657767	4.584271
Mexico	MXN	15.598000	14.255600	14.731901	13.598844
Norway	NOK	7.699700	8.229300	8.061434	7.973231
Poland	PLN	3.773600	3.831700	3.825283	3.912290
South Africa	ZAR	9.821900	9.246200	9.600540	8.427884
South Korea	KRW	1,306.650000	1,227.370000	1,252.986183	1,195.991889
Sweden	SEK	9.190900	9.025000	9.235754	9.293315
Switzerland	CHF	1.661800	1.607700	1.637323	1.566623
Turkey	TRY	1.723700	1.868100	1.807411	1.785774
USA	USD	1.427600	1.319800	1.343818	1.245461

[4] Acquisitions and sales

The BOC Group plc, Windlesham, Great Britain

On 6 March 2006, Linde AG submitted a recommended cash offer for The BOC Group plc, Windlesham, Great Britain (BOC) for GBP 16 per share in cash. Following the satisfaction of competition authority preconditions in the United States and in the European Union, the acquisition was also approved by the BOC shareholders and by the English courts.

The Scheme of Arrangement came into effect on 5 September 2006, thus completing the acquisition of BOC by Linde.

The BOC subsidiaries acquired have been included in the condensed Group interim financial statements for the nine months ended 30 September 2007 in accordance with IFRS 3 at the fair values of the assets, liabilities and contingent liabilities on the acquisition date, less appropriate amortisation or depreciation. The purchase price allocation was completed within the 12-month time period to 5 September 2007 permitted under IFRS 3.

The following table shows the calculation of the final goodwill figure at 30 September 2007, based on the purchase price of € 12.4 billion:

in € million	
Provisional difference between the cost and net assets acquired before purchase price allocation at 31 December 2006	9,366
Change as a result of adjustment to cost	15
Provisional difference between the cost and net assets acquired before purchase price allocation at 30 September 2007	9,381
Customer relationships	2,858
Brand name	409
Technologies	217
Other intangible assets	30
Technical equipment	528
Land and buildings	327
Other tangible assets	424
Investments in associates	724
Non-current assets held for sale and disposal groups	993
Other assets and other liabilities	-353
Other changes to the opening balance	17
Deferred taxes	-1,646
Provisional goodwill at 30 September 2007	4,853

There were changes to the goodwill figure arising from adjustments to the fair value of "Non-current assets held for sale and disposal groups", as a result of actual sale prices becoming available for the joint ventures Japan Air Gases and Indura, the Asian joint ventures sold (Singapore Oxygen/Singapore, Eastern Industrial Gases/Thailand, Vietnam Industrial Gases/Vietnam and Brunei Oxygen/Brunei) and for the BOC Edwards components business. There were also adjustments to the value of individual assets and liabilities, as well as to the deferred tax associated with those assets and liabilities. Respectively, the balance sheet as of 31 December 2006 was adjusted due to the finalisation of the purchase price allocation for the acquisition of BOC.

Malaysian Oxygen Berhad, Malaysia

Under the agreement concluded with Air Liquide on 27 April 2007 for the reorganisation of the joint ventures in Asia, Linde acquired a total of 22.5 percent of the shares in Malaysian Oxygen Berhad (MOX). Subsequently, in July 2007, Linde made a public offer to acquire the remaining 55 percent of the shares at a price of 17 MYR per share. On the expiry of the term for acceptance on 14 July 2007, The Linde Group had a shareholding of around 98 percent. On 1 June 2007, Linde obtained control, on exceeding the 50 percent threshold of shares held, and from that date the company was consolidated in the Group financial statements. The transaction was completed on 7 September 2007, from which date The Linde Group has held 100 percent of the shares in MOX. Due to the short period of time between the date of acquisition and the date of the half-year interim report, the full amount of the difference between the purchase price and the net assets acquired prior to remeasurement was disclosed as goodwill in the interim report for the six months to 30 June 2007. The purchase price allocation required by IFRS 3 was carried out during the third quarter. However, due to the complexity of the transaction and the short period of time between the date of acquisition and the date of the third quarter financial statements, the results should still be regarded as provisional.

The table at the end of this chapter shows the provisional calculation of goodwill at 30 September 2007.

Hongkong Oxygen, Hong Kong

In the course of the reorganisation of the joint ventures in Asia, The Linde Group also acquired on 27 April 2007 from Air Liquide 50 percent of the shares in Hong Kong Oxygen and Acetylene Co. Ltd, Hong Kong. The cost of acquiring the 50 percent share in the company was € 61 million. The difference between the purchase price and the net assets acquired was € 97 million. In the half-year financial statements to 30 June 2007, the full amount of the difference between the purchase price and net assets acquired was disclosed as goodwill. The purchase price allocation required by IFRS 3 was carried out during the third quarter. However, due to the short period of time between the date of acquisition and the date of the third quarter financial statements, the results of the purchase price allocation should still be regarded as provisional.

The table at the end of this chapter shows the provisional calculation of goodwill at 30 September 2007.

Asia Union Electronic Chemical, Taiwan

The newly-classified subsidiary, BOC Lienhwa Industrial Gases, Taiwan, entered into a separate contractual agreement with its business partner to acquire the outstanding 50 percent of the shares in Asia Union Electronic Chemical, Taiwan.

The purchase price allocation required by IFRS 3 was completed during the reporting period. The goodwill arising on the transaction was € 3 million.

Birlesic Oksijen Sanayi A.S. (BOS), Turkey

Under an agreement dated 5 April 2007, which came into effect on 17 July 2007, Linde acquired 100 percent of the shares in the Turkish gases company Birlesic Oksijen Sanayi A.S. (BOS) at a price of € 92 million. BOS, a company with around 180 employees, operates in the industrial and specialty gases business and achieved sales of € 30 million in the 2006 financial year. The purchase price allocation required by IFRS 3 has been carried out, but should be regarded as provisional due to the short period of time between the date of acquisition and the date of the third quarter financial statements. The provisional results of the purchase price allocation are shown in the table at the end of this chapter.

Entreprise Nationale de Gaz Industriels (ENGI), Algeria

Under an agreement dated 18 June 2007, Linde acquired a majority of the shares in the state-owned Algerian industrial and medical gases company ENGI (Entreprise Nationale de Gaz Industriels). The company has been consolidated from 1 July, which is the date on which operational control of the company passed to Linde. ENGI, which has around 700 employees, achieved sales of around € 30 million in the 2006 financial year.

The purchase price allocation required by IFRS 3 has been carried out, but should be regarded as provisional due to the short period of time between the date of acquisition and the date of the third quarter financial statements. The provisional results of the purchase price allocation are shown in the following table.

Provisional difference from other acquisitions

in € million	Malaysian Oxygen Berhad	Hong Kong Oxygen	Asia Union Electronic Chemical	Birlesic Oksijen Sanayi A. S.	Entreprise Nationale de Gaz Industriels
Book value of investment according to IAS 28	101	50	10	-	-
Purchase cost for additional shares	337	61	11	92	28
Purchase cost according to IFRS 3	438	111	21	92	28
Proportionate share of net assets at book value	89	14	18	24	19
Provisional difference before purchase price allocation according to IFRS 3	349	97	3	68	9
Customer relationships	159	26	-	15	-
Brand name	22	-	-	-	-
Other intangible assets	9	-	-	-	-
Air separation units	43	4	-	12	-
Land and buildings	-	8	-	4	6
Other tangible assets	13	1	-	12	-
Investment in associates	24	29	-	-	-
Other assets and other liabilities	-	-	-	-	-
Deferred taxes	-73	-10	-	-8	-2
Preliminary goodwill as of 30 September 2007	152	39	3	33	5

[5] Non-recurring items

In the first quarter of 2007, Linde sold the industrial and medical gases business in Mexico, which was managed by the subsidiary AGA S. A. de CV, as well as the Australian gases operations of the subsidiary Linde Gas Australia and the US bulk gases business. In addition, the subsidiary INO Therapeutics LLC was deconsolidated in the first quarter. Part of the sales consideration for the INO disposal was paid in cash and part in the form of a 17 percent share in Icaria Holdings. In the second quarter, Linde's investment in its subsidiary Linde Gas UK and the packaged gas business in the US were also sold. A total profit on deconsolidation of € 574 million arose on these disposals, which was disclosed as a non-recurring item.

During the reporting period, the share in the joint venture Japan Air Gases was sold to comply with the conditions imposed by the competition authorities on the acquisition of BOC. Linde also sold its share in the joint venture Indura in Chile, and in the second quarter of 2007 its shares in the Asian joint ventures, Singapore Oxygen (Singapore), Eastern Industrial Gases (Thailand), Vietnam Industrial Gases (Vietnam) and Brunei Oxygen (Brunei). At the same time, all the assets and liabilities relating to the BOC Edwards components business were eliminated from the consolidation, and the sale of BOC's Polish gases operations (BOC Gazy Sp. z. o. o.) was completed in the second quarter. Due to the fact that a purchase price allocation had been carried out and that these investments were already stated at fair value less costs to sell, no profits on disposal arose on these transactions.

As regards the sale of Linde Gas UK and the components business of BOC Edwards, contingent liabilities exist which are subject to certain conditions. As it is not currently possible to make a reliable estimate as to whether these conditions will apply, the contingent liabilities have not been recognised in the balance sheet. The contingent liability towards the purchaser of the BOC Edwards components business is € 65 million.

[6] Share option scheme

It was resolved at the Shareholders' Meeting on 5 June 2007 to create conditionally authorised share capital for the issue of subscription rights to members of the Executive Board of Linde AG, members of the Management Boards of Group companies and to selected executive personnel in Linde AG and in the Group companies under the Performance Share Programme. This programme, which is also known as the Long Term Incentive Plan (LTIP), will make it possible for Linde to issue options for up to 3,515,625 bearer shares over a period of five years.

The first issue of share options under the Performance Share Programme was made on 1 August 2007. Details of the conditions which apply to the exercise of the options and other terms and conditions of the programme are disclosed in the Invitation to the Shareholders' Meeting which can be downloaded from <http://www.linde.com>.

The personnel cost arising from accounting for the share option scheme in accordance with IFRS 2 was € 7 million in the reporting period, thereof € 1 million was in relation to the LTIP.

[7] Non-current assets held for sale and discontinued operations

Following the approval granted by the EU competition authorities on 6 June 2006 and the US competition authorities on 18 July 2006, Linde was able to proceed with the acquisition of BOC, subject to certain conditions. At 30 September 2007, the remaining assets and liabilities relating to BOC Edwards Pharmaceutical Systems associated with the sale of the BOC Edwards components business were disclosed as assets held for sale. At 30 September 2007, the assets and liabilities in Gases Industriales de Colombia S. A. (CRYOGAS S. A.), Colombia, a subsidiary acquired in the course of the BOC transaction, were also disclosed as assets held for sale.

Taking into account those subsidiaries and investments already sold, the investment in Cryogas S. A., Colombia, amounting to € 59 million as well as the assets and liabilities in relation to BOC Edwards Pharmaceutical Systems (non-current assets € 11 million, current provisions € 41 million, current liabilities € 35 million) were disclosed as non-current assets and associated liabilities held for sale.

BOC Edwards (components business)

At the date of acquisition of BOC, Linde disclosed the components business of BOC Edwards in "Non-current assets held for sale and disposal groups". The BOC Edwards components business was sold under a contract of sale dated 12 March 2007, subject to the receipt of approval from the competition authorities. The electronic gases business of BOC Edwards is remaining in The Linde Group. The part of the component business of BOC Edwards remaining within the Group as of 30 September 2007 – BOC Edwards Pharmaceutical Systems – was shown as a discontinued operation.

From the date of acquisition of BOC on 5 September 2006, the income statement was divided into continuing gas and engineering operations and discontinued operations, i. e. the BOC Edwards components business.

The effect of the classification of the BOC Edwards components business as a discontinued operation until the date of its deconsolidation can be seen from the following table:

Discontinued operations

	January to September		January to September	
	2007	2006	2007	2006
in € million	BOCE components	BOCE components	KION Group	KION Group
Sales	356	65	-	2,902
Cost of sales	257	43	-	2,184
Gross profit on sales	99	22	-	718
Other income and expenses	-84	-11	-	-546
Non-recurring items	5	-	-	-
Financial income	-	-	-	28
Financial expense	2	-	-	34
Taxes on income	4	3	-	52
Earnings after taxes on income	14	8	-	114
Attributable to minority interests	-	-	-	-
Cash flow from operating activities	-30	15	-	235
Cash flow from investing activities	-13	-4	-	-146

[8] Equity

Statement of changes in Group equity

	Capital subscribed	Capital reserve	Retained earnings
in € million			
At 31 December 2005 – as reported	307	2,704	1,622
Adjustments			
Change in accounting policy IFRIC 4	-	-	58
At 1 January 2006 – restated	307	2,704	1,680
Dividend payments	-	-	-168
Change in currency translation differences	-	-	-
Financial instruments	-	-	-
Earnings after taxes on income – restated –	-	-	444
Changes as a result of share option scheme	1	23	-
Share capital increase Linde AG	95	1,741	-20
Amount arising from the issue of convertible bond	-	9	-
Other changes	-	-	-4
At 30 September 2006	403	4,477	1,932
At 31 December 2006/1 January 2007	411	4,648	3,226
Dividend payments	-	-	-241
Change in currency translation effects	-	-	-
Financial instruments	-	-	-
Amount arising from the issue of convertible bond	7	118	-
Earnings after taxes on income	-	-	723
Changes as a result of share option scheme	1	32	-
Other changes	-	-	-4
At 30 September 2007	419	4,798	3,704

Cumulative changes in equity not recognised through the income statement

Currency translation differences	Remeasurement of securities at fair value	Derivative financial instruments	Actuarial gains/losses	Total equity excluding minority interests	Minority interest	Total equity
-48	-	-9	-212	4,364	49	4,413
2	-	-	-	60	-	60
-46	-	-9	-212	4,424	49	4,473
-	-	-	-	-168	-2	-170
-71	-	-	-	-71	1	-72
-	-	2	-	2	-	2
-	-	-	-	444	7	451
-	-	-	-	24	-	24
-	-	-	-	1,816	-	1,816
-	-	-	-	9	-	9
-	-	-	89	85	171	256
-117	-	-7	-123	6,565	224	6,789
-228	1	5	-63	8,000	225	8,225
-	-	-	-	-241	-32	-273
-247	-	-	-	-247	-6	-253
-	-2	77	-	75	-	75
-	-	-	-	125	-	125
-	-	-	-	723	41	764
-	-	-	-	33	-	33
-	-	-	212	208	207	415
-475	-1	82	149	8,676	435	9,111

[9] Pension obligations

The actuarial valuation of pension obligations is based on the projected unit credit method set out in IAS 19 "Employee Benefits". This method takes into account not only vested future benefits and known pensions at the balance sheet date, but also expected future increases in salaries and pensions. The calculation of the provisions is determined using actuarial reports. Actuarial gains and losses are recognised directly in equity.

In the quarterly financial reports, a competent estimate of the pension obligation is made, based on trends in the actuarial parameters (discount rate, expected return on plan assets, growth in future benefits, growth in pensions), and taking into account any exceptional effects in the current quarter.

At 30 September 2007, changes were made to the parameters on which the pension obligations are based, which led to an increase in equity of € 212 million (after deferred tax).

[10] Financial debt

Convertible bond

In May 2004, a convertible bond with a nominal amount of € 550 million was issued. It has a maturity period of five years and an interest rate of 1.25 percent. During the reporting period, a total amount of € 130 million of the convertible bond was converted into equity. This is equivalent to a total of 2,298,062 shares.

Capital market bonds

In April 2007, Linde Finance B.V., guaranteed by Linde AG (Baa1 stable/BBB stable), issued bonds with a volume of around € 2.4 billion in three tranches in EUR and GBP. The transaction comprised a five-year fixed-rate bond of € 1 billion, a ten-year fixed-rate bond of € 1 billion, and a 16-year sterling tranche of GBP 300 million. The funds generated were used to refinance a € 637 million bond repayable in June 2007, as well as to make a partial repayment of the syndicated credit.

[11] Adjustment to prior year figures

The following table shows the adjustments to prior year figures (“adjusted”) as a result of the change in the accounting for and disclosure of the financing costs relating to pension obligations and as a result of the amendment made to the figure for goodwill arising on the acquisition of BOC.

Group income statement

in € million	January to September 2006
Earnings after taxes on income – as reported –	451
Reclassification of financing costs relating to pension provisions in accordance with IAS 19	
Change in cost of sales	-7
Change in marketing and selling expenses	-6
Change in research and development costs	-1
Change in administration expenses	-3
Change in other operating income	-
Change in other operating expenses	-
Change in interest income	26
Change in interest expenses	43
Earnings after taxes on income – adjusted –	451

[12] Earnings per share

in € million	January to September 2007			January to September 2006 ¹		
	Continuing operations	Discontinued operations	Group	Continuing operations	Discontinued operations	Group ¹
Earnings after taxes on income attributable to Linde AG shareholders	709	14	723	322	122	444
Plus: increase in profit due to dilutive effect of convertible bond	7	-	7	10	-	10
Profit after adjusting for dilutive effects	716	14	730	332	122	454
Shares in thousands						
Weighted average number of shares outstanding	161,523	161,523	161,523	131,285	131,285	131,285
Dilution as a result of the Linde Management Incentive Programme	800	800	800	467	467	467
Effect of dilutive convertible bond	5,900	5,900	5,900	10,537	10,537	10,537
Weighted average number of shares outstanding – fully diluted –	168,223	168,223	168,223	142,289	142,289	142,289
Earnings per share in €	4.39	0.09	4.48	2.45	0.93	3.38
Earnings per share in € – fully diluted –	4.26	0.08	4.34	2.33	0.86	3.19

¹ Adjusted.

[13] Reconciliation of key financial figures

To provide better comparability, the key financial figures relating to The Linde Group have been adjusted below for the effects of the purchase price allocation, relating both to the acquisition of BOC and to acquisitions directly connected with the BOC transaction, in accordance with IFRS 3, and for non-recurring items.

Adjusted income statement

in € million	30 September 2007			30 September 2006		
	as reported	"Non GAAP"- adjustments	Key financial figures	as reported	"Non GAAP"- adjustments	Key financial figures
Sales	8,958	-	8,958	4,976	-	4,976
Cost of sales	6,033	-227	5,806	3,225	-	3,225
Gross profit on sales	2,925	227	3,152	1,751	-	1,751
Research and development costs, marketing, selling and administration expenses	2,274	-108	2,166	1,218	-	1,218
Other operating income and expenses	102	-	102	76	25	101
Income from associates	59	-	59	4	-	4
Non-recurring items	574	-574	-	-	-	-
Financial result	-277	-	-277	-59	-	-59
Taxes on Income	359	-89	270	224	10	234
Earnings after taxes on income from continuing operations	750	-150	600	330	15	345
Earnings after taxes for discontinued operations	14	-	14	121	-	121
Earnings after taxes on income	764	-150	614	451	15	466
Attributable to minority interests	41	-	41	7	-	7
Attributable to Linde AG shareholders	723	-150	573	444	15	459
Earnings per share in €	4.48	-	3.55	3.38	-	3.50
Earnings per share in € - fully diluted -	4.34	-	3.45	3.19	-	3.30

[14] Passage of the Corporation Tax Reform Bill 2008

On 6 July 2007, the Bundesrat, the upper house of the German Parliament, approved the German Corporation Tax Reform Bill 2008. As a result of the new lower overall tax rate in Germany, there will be a slight decrease in the tax burden of The Linde Group. However, due to the fact that Group earnings in Germany now constitute a smaller proportion of total Group earnings, the effect of this change will be relatively small.

Based on the rules set out in IAS 12, the future corporation tax rate of 15 percent should be applied in determining the calculation of deferred tax in Germany from the third quarter of 2007. The total effect on deferred tax expense for the current reporting period will be € 12 million favourable.

[15] Significant events

Acquisition of the Swiss plant construction company Bertrams Heatec

Under an agreement dated 14 September 2007, The Linde Group acquired the Swiss plant construction company Bertrams Heatec AG.

Bertrams Heatec AG, which has its registered office in Pratteln near Basle in Switzerland, is a leading specialist in the construction of plants designed to ensure the safe transfer of process heat, especially in the chemical and petrochemical industries. These plants are used for the manufacture of synthetic fibres, synthetic resins (melamine), in the production of aluminium oxide and paints, as well as in the textile and food industries and in solar power plants. The company, which has 35 employees, achieved sales of around € 15 million in the 2006 financial year. It is Linde's intention that Bertrams Heatec will continue as an independent subsidiary.

Consolidation of the entity will begin as of the fourth quarter 2007.

Other

Apart from the events mentioned above, there have been no significant events for The Linde Group between the end of the reporting period on 30 September 2007 and the publication deadline for these condensed Group interim financial statements.

Munich, 30 October 2007

Professor Dr Wolfgang Reitzle
Chief Executive Officer
of Linde AG

Dr Aldo Belloni
Member of the Executive Board
of Linde AG

J. Kent Masters
Member of the Executive Board
of Linde AG

Trevor Burt
Member of the Executive Board
of Linde AG

Georg Denoke
Member of the Executive Board
of Linde AG

Review report

To Linde AG, Munich

We have reviewed the condensed interim consolidated financial statements, comprising the balance sheet, income statement, cash flow statement, statement of recognised income and expense and selected explanatory notes, and the interim Group management report of Linde AG, Munich, for the nine-month period ended 30 September 2007, which form part of the quarterly financial reports in accordance with § 37w of the German Securities Trading Act (WpHG). The preparation of the condensed interim consolidated financial statements in accordance with the International Financial Reporting Standards (IFRS) applicable to interim financial reporting, as adopted by the European Union, and of the interim Group management report, which has been prepared in accordance with the regulations of the German Securities Trading Act applicable to interim group management reports, is the responsibility of the Company's Executive Board. Our responsibility is to issue a review report on these condensed interim consolidated financial statements and on the interim Group management report based on our review.

We conducted our review of the condensed interim consolidated financial statements and the interim Group management report in accordance with German generally accepted standards for the review of financial statements promulgated by the Institut der Wirtschaftsprüfer e. V. (IDW) and in supplementary compliance with the International Standard on Review Engagements (ISRE) 2410. Those standards require that we plan and conduct the review so that we can preclude through critical evaluation, with a certain level of assurance, that the condensed interim consolidated financial statements have not been prepared, in material aspects, in accordance with the IFRS applicable to interim financial reporting, as adopted by the European Union, and that the interim Group management report has not been prepared, in material aspects, in accordance with the regulations of the German Securities Trading Act applicable to interim group management reports. A review is limited primarily to inquiries of company employees and analytical assessments and therefore does not provide the assurance attainable in a financial statement audit. Since, in accordance with our engagement, we have not performed a financial statement audit, we cannot issue an auditor's report.

Based on our review, no matters have come to our attention that cause us to believe that the condensed interim consolidated financial statements have not been prepared, in all material respects, in accordance with the IFRS applicable to interim financial accounting, as adopted by the European Union, and that the interim Group management report has not been prepared, in all material respects, in accordance with the regulations of the German Securities Trading Act applicable to group management reports.

Düsseldorf, 30 October 2007

KPMG Deutsche Treuhand-Gesellschaft
Aktiengesellschaft
Wirtschaftsprüfungsgesellschaft

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30 October 2007
Munich

Interim Report

January–September 2007
30 October 2007

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3 June 2008, 10.00 a.m.
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